



U.S. Immigration
and Customs
Enforcement

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News Release

ICE arrests fugitive linked to an international sweepstakes fraud organization that scammed thousands of U.S. victims out of millions of dollars
-- 24 individuals charged in the United States and Costa Rica --

MIAMI – A 60-year-old U.S. citizen that fled from Costa Rica to Panama to avoid arrest and extradition to the United States to face criminal charges for his involvement in an international sweepstakes fraud organization that scammed thousand of U.S. victims out of millions of dollars was arrested here Tuesday by U.S. Immigration and Customs Enforcement (ICE) special agents working with the ICE Attaché Office in Panama.

Larry Edward Cunningham was among 24 individuals in Costa Rica and the United States charged with criminal violations in the Western District of North Carolina and the Southern District of Florida pursuant to a three-year investigation into an international sweepstakes scam that defrauded more than 2,000 U.S. victims out of at least \$20 million. Cunningham was charged with wire fraud, conspiracy and other violations related to his alleged role in the fraud ring.

Cunningham fled from Costa Rica and was smuggled into Panama in an effort to evade justice. ICE special agents working for the ICE Attaché Office in Panama worked closely with Panamanian officials to coordinate Cunningham's deportation to the United States.

Thus far, a total of 19 individuals have been arrested in the United States and Costa Rica in connection with the probe. Ten individuals were arrested in California, Florida, Nevada, and Texas. Another nine suspects were arrested in Costa Rica pursuant to provisional U.S. arrest warrants. Five suspects remain at large.

Most of the other arrests took place on May 16 during the simultaneous execution of search and arrest warrants in the United States and Costa Rica. Costa Rican officials devoted more than 150 officers to those enforcement actions, which were among the largest in the nation's history.

During the May 16 enforcement action, Costa Rican authorities assisted by U.S. officials executed 17 search warrants in Costa Rica, closing down numerous telemarketing fraud boiler rooms. The searches in Costa Rica also resulted in the seizure of six firearms, roughly \$160 million Costa Rican *colones* (\$320,000 USD), small amounts of morphine, Voice over Internet Protocol (VoIP) technology, and computers. In the United States, agents executed two search warrants, resulting in the seizure of computers and documentary evidence.

The arrests and seizures were the result of an investigation led by U.S. Immigration and Customs Enforcement (ICE), in conjunction with the U.S. Postal Inspection Service, the Department of Commerce Office of Inspector General, the State Department's Bureau of Diplomatic Security, the Department of Justice, the Federal Trade Commission and Costa Rican law enforcement agencies. Officials from Western Union Financial Services, Inc. and Vonage also provided critical assistance to the international investigation.

"The best defense against these types of scams is public awareness. U.S. citizens need to know that federal agents don't call asking for money or asking for money to be sent somewhere. That's not how we do business," said Julie Myers, Assistant Secretary for U.S. Immigration and Customs Enforcement. "I would also add that if a sales pitch over the phone sounds too good to be true, it probably is."

The investigation began in September 2003 when ICE agents in Miami received information from Montana about victims of a sweepstakes scam that was allegedly being perpetrated by individuals in Miami. ICE agents began working closely with their counterparts and developed evidence to execute federal search warrants at the Miami offices of Knot Data, LLC and Columbia Productions Inc. in August 2004.

Evidence from the searches indicated that these businesses re-sold VoIP technology, manufactured by Vonage, to individuals in Costa Rica. VoIP technology allows individuals to make phone calls that appear to be from any U.S.-based area code chosen by the caller, regardless of the actual location from which the call originates. Further investigation revealed that those purchasing VoIP technology in Costa Rica from the Miami companies were operating fraudulent telemarketing boiler rooms.

Working closely with Costa Rican authorities, ICE agents and their counterparts determined that the operators of the telemarketing boiler rooms in Costa Rica were calling thousands of victims throughout the United States and using VoIP technology to make it appear as though their calls were coming from Washington, D.C. area codes and other locations in an effort to add validity to their fraudulent solicitations.

Bogus Foreign Sweepstakes Winnings:

During their pitch to victims, the fraudsters in Costa Rica typically claimed to be a "U.S. Customs" official or a representative of another federal agency. They would then tell the victims that they had won 2nd prize in a foreign sweepstakes and that, to collect the prize money, the victims needed to send via Western Union anywhere from \$1,000 to several thousand dollars to an "insurance entity" in Costa Rica as a "refundable insurance fee." Victims sent wire transfers to Costa Rica to claim the prizes, but never received any money.

Once the victim had wired the money to Costa Rica, the fraudsters would often call the victims back and inform them that they had actually won 1st prize and that they needed to wire thousands of additional dollars in fees in order to ensure the safe delivery of the prize money. The defendants and their co-conspirators continued to call victims with this pitch as long as the victims continued to wire money to Costa Rica. None of the victims ever received any prize money.

It is believed that more than 2,000 U.S. victims were defrauded out of at least \$20 million through this international sweepstakes fraud.

Professional Victim List Brokers:

During the course of the investigation, ICE agents also identified so-called “list brokers” who sold lists of individuals in the United States who had been targeted and/or successfully scammed by deceptive contests, lotteries, sweepstakes and other offers. The investigation revealed that these brokers had leased or sold lists of fraud victims to operators of the telemarketing boiler rooms in Costa Rica.

Phil Ley, Vice President for Corporate Security, Western Union Financial Services, Inc, said, “Western Union takes the issue of consumer fraud very seriously. It has been our longstanding practice to work cooperatively with law enforcement agencies around the world, supporting their efforts to prosecute those who seek to take advantage of the unsuspecting or the vulnerable.”

Sharon O’Leary, Chief Legal Officer for Vonage, said, “Vonage is committed to protecting innocent people from being preyed upon by felons. We are proud of our work with ICE, the U.S. Postal Inspection Service, the FBI, New Jersey state troopers and other law enforcement agencies to help them apprehend these criminals and are focused on providing them with as much help as we can under the letter of the law. If you use a Vonage phone for criminal or illegal acts, you will be caught. Our public / private cooperation in this case is clear evidence of that.”

Some of those arrested in this investigation include:

- Jorge Castro Olmos – charged in Southern District of Florida, arrested in Miami on October 28, 2005
- Juan Llamas – charged in Western District North Carolina (WDNC), arrested in Yuba City, CA on May 16, 2006
- Eric Shaw – charged in WDNC, arrested in El Centro, CA on May 16 2006
- Celin Marcell Chacon Krone -- charged in WDNC, arrested in Costa Rica on May 16, 2006
- Jacob Ronald Chacon Krone – charged in WDNC, arrested in Costa Rica on May 16, 2006
- Brian Coyle – charged in WDNC, arrested in Costa Rica on May 16, 2006
- Charles R. Cummins – charged in WDNC, arrested in Susanville, CA on May 16, 2006
- Roberto A. Fields Curtis – charged in WDNC, arrested in Costa Rica on May 16, 2006
- Marco Antonio Fonseca Krone – charged in WDNC, arrested in Costa Rica on May 16, 2006
- David Hennessey – charged in WDNC, arrested in Houston, TX on May 16, 2006
- Martin Kalchstein – charged in WDNC, arrested in Costa Rica on May 16, 2006
- Herman Kankrini – charged in WDNC, arrested in Costa Rica on May 16, 2006
- Michael A. Mangarella – charged in WDNC, arrested in Costa Rica on May 16, 2006
- Giuseppe Pileggi – charged in WDNC, arrested in Costa Rica on May 16, 2006
- Jesse D. Reid – charged in WDNC, arrested in Redding, CA on May 16, 2006
- Joseph Hale – charged in WDNC, arrested in Reno, NV on May 18, 2006
- Trent Nyffeler – charged in WDNC, arrested in Dallas, TX on May 19, 2006
- Larry Edward Cunningham-charged in WDNC, arrested in Miami, FL on May 30, 2006

ICE

U.S. Immigration and Customs Enforcement (ICE) was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of four integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.